

REAL ESTATE COMMISSION  
Professional & Vocational Licensing Division  
Department of Commerce and Consumer Affairs  
State of Hawaii

MINUTES OF MEETING

The agenda for this meeting was filed with the Lieutenant Governor's Office as required by Section 92-7(b), Hawaii Revised Statutes.

Date: Friday, February 27, 1987

Time: 9:00 a.m.

Place: Board Room, Second Floor, Kamamalu Building, 1010 Richards Street, Honolulu, Hawaii

Present: G. A. "Red" Morris, Chairman  
Yukio Takeya, Hawaii Member  
Joseph Blanco, Member  
Gloria J. Damron, Member  
Yoshiko Kano, Kauai Member  
Constance Smales, Public Member  
Michele Matsuo, Public Member  
Peter Yanagawa, Member

Calvin Kimura, Executive Secretary  
Cynthia Yee, Information Officer  
Irene Kotaka, Secretary  
Grant Tanimoto, Deputy Attorney General  
Virginia Lea Crandall, Hearings Officer  
Rodney Maile, Hearings Officer  
Gary W. K. Au Young, Recovery Fund Attorney

Eileen Luko, HAR Education Director  
Charles Horne, REC Research & Education Center, Director  
Brian Thomas, Honolulu Board of Realtors Liaison  
Barbara Dew, HAR President-Elect  
John Ramsey, Consultant  
Paige Vitousek, Hawaii Association of Real Estate Schools  
John Stapleton, Hawaii Association of Real Estate Schools  
Russell Goode, Hawaii Association of Real Estate Schools  
Arden Moore, Hawaii Association of Real Estate Schools

Excused: Douglas Sodetani, Maui Member

Call to Order:

The meeting was called to order at 9:26 a.m. by Chairman G. A. "Red" Morris. Quorum was established.

Approval of Minutes:

The minutes of the January 23, 1987 meeting was distributed to the members for their review prior to the meeting.

Upon a motion by Commissioner Takeya, second by Commissioner Smales, the Commission unanimously approved the minutes of the January 23, 1986 Meeting with the following amendment:

Page 4, Committee Reports: Education Committee, Commission's Five-Year Plan

The total amount for the proposal should be \$12,600 and not \$12,000 as stated previously.

The motion was voted on and unanimously carried.

Additions to Agenda:

Questionable Applications:

Bello-McCormack Realty  
Central Planning Corporation

Commissioner Takeya moved to add the applications listed above to the agenda. Commissioner Smales seconded the motion. The motion was voted and unanimously carried.

Hearings Officer's Reports:

IRA GORDON, RE-84-229 - Oral  
Argument on Reconsideration

This matter was deferred to the March 20, 1987 Commission Meeting.

RUDY T. HIROTA, RE-83-11, RE-83-88 - Motion  
for Reconsideration

Commissioner Takeya was excused from the meeting due to a possible conflict of interest.

In a previous Commission decision, Mr. Hirota's license was revoked for two years, effective October 31, 1986 and the revocation stayed for one year.

Commissioner Blanco moved to reaffirm the Commission's prior decision and also to specify that the real estate activity during the stay shall only be for the benefit of the complainants and Puna Shores, Inc. Commissioner Kano seconded the motion. The motion was voted on and unanimously carried. Commissioner Takeya returned to the meeting.

THOMAS PATAS, DBA PATAS REALTY, RE-85-220 - Recommended Decision

Commissioner Matsuo moved to accept the Hearings Officer's Findings of Fact, Conclusions of Law and Recommended Order, to suspend Mr. Patas's license for two years, of which 18 months are stayed if restitution was made within six months. Commissioner Smales seconded the motion. The motion was voted on and unanimously carried.

Commissioner Blanco moved to amend the previous motion, deleting the reference to restitution and stayed order. Commissioner Takeya seconded the motion. The motion was voted on and unanimously carried.

ALOHA RELOCATION SERVICE, LEE C. TURNER, RE-84-203 - Settlement Agreement

Commissioner Matsuo moved to accept the Settlement Agreement. Commissioner Blanco seconded the motion. The motion was voted on and unanimously carried.

Committee Reports:

EDUCATION COMMITTEE

Upon a motion by Commissioner Blanco, second by Commissioner Takeya, it was voted and unanimously carried to accept the following recommendations of the February 11, 1987 Education Committee Meeting as circulated:

1. Approve increasing the number of questions to include the ten prelicensing questions but deferring inclusion of an additional ten state questions until after completion of the curriculum review study. The additional ten questions will become effective with the April 1987 examination.
2. Approve HAR's amended budget indicating an estimated subsidy by the Commission of \$2,026.00.

Commissioner Smales reported on the status of the Curriculum Review Committee. She reported that the study did not expend as much as was anticipated. However, the initial budget did not include the curriculum writing. Commissioner Smales then requested that an additional \$2,000 be paid to Robert Allan so that he may perform the curriculum writing.

Commissioner Blanco moved to approve payment of an additional \$2,000 to Robert Allan to complete the curriculum writing. Commissioner Damron seconded the motion. The motion was voted on and unanimously carried.

Commissioner Blanco commended Commissioner Smales and the Curriculum Review Subcommittee for keeping the review under budget.

Executive Session:

Upon a motion by Commissioner Takeya, second by Commissioner Smales, it was voted and unanimously carried to enter into executive session, pursuant to Section 92-4, to discuss recovery fund issues with the legal counsel for the recovery fund, Gary W. K. Au Young at 10:50 a.m.

Upon a motion by Commissioner Smales, second by Commissioner Takeya, it was voted and unanimously carried to move out of executive session at 11:22 a.m. and to resume the meeting.

Recovery Fund:

ILLONA RAE MAKI-SALVADOR VS. BETSY JEAN CHRISTIAN, CIVIL NO. 76794, FIRST CIRCUIT COURT

The Commission reviewed Consultant Ayabe's recommendation. Commissioner Takeya moved to pay from the Recovery Fund a total of \$10,000 for the claim against the licensee. The motion was seconded by Commissioner Kano, voted and unanimously carried.

LONA MAE HINMAN, JOHN S. HINMAN, BEVERLY RUTH HONAKER AND JIMMIE JOE HONAKER VS. THOMAS C. PATAS, DBA PATAS REALTY, CIVIL NO. LH86-71, DISTRICT COURT, SECOND CIRCUIT

The Commission reviewed Consultant Ayabe's recommendation. After discussion, the Commission concluded the judgement is for Mr. Patas' personal debt, rental payments. Commissioner Matsuo moved to appeal the court order directing payment out of the recovery fund. The motion was seconded by Commissioner Blanco, voted and unanimously carried.

Committee Reports:

LAWS AND RULES REVIEW COMMITTEE

Upon a motion by Commissioner Takeya, second by Commissioner Smales, it was voted and unanimously carried to accept the following recommendations of the February 26, 1987 Laws and Rules Review Committee Meeting as follows:

1. Approve proposed agricultural condominium legislation with the review of the situation with Consultant Adachi on definition of "apartment."
2. Stephen Tom to draft the cover letter and prepare the survey to be sent out to all condominium managing associations and self-managed condo associations. The Executive Secretary is to work with Consultant Tom on the information to be included in the survey for the Commission's use.

3. Approve a 60-day grace period on the enforcement of bond provisions, subject to the Attorney General's approval, to allow the self-managed condo associations to return the survey and comply with the requirements for self-managed condo associations.
4. Approve Consultant Tom's proposal, excluding interviewing time share plan managers from the Appendix and amending completion date to 90 days after the survey mail out. Preliminary data is to be presented by Consultant Tom at the March 11, 1987 Education Committee Meeting.
5. The Commission to conduct a licensing study to determine the feasibility of issuing specialty licenses or requiring registration and other alternatives.
6. Approve Commissioner Blanco's resolution recognizing his achievements and his appointment as the President of the Filipino Chamber of Commerce.

Upon a motion by Commissioner Smales, second by Commissioner Blanco, it was voted and carried to that the Commission will not support Senate Bill No. 1321 and its companion House Bill contingent upon further study being conducted on this matter and the feasibility of specialty licenses, registration of condo-hotel operators, or other alternatives. Commissioner Matsuo abstained from voting.

Upon a motion by Commissioner Smales, second by Commissioner Takeya, it was approved to submit legislation that the Commission and the Director may employ personnel; not subject to Chapters 76 and 77, to carry out the purpose of the education fund.

New Business:

ASSOCIATION OF REAL ESTATE SCHOOLS

Paige Vitousek of Vitousek School of Real Estate School, Inc. informed the Commissioners of the problems that the real estate schools were experiencing in obtaining the required bonds.

The Executive Secretary informed the real estate instructors that he had a listing of companies which have provided bonds for mortgage brokers and condominium managing agents . He suggested that the schools try to obtain bonding through those companies.

Other alternatives to handle the bonding issue were also discussed at this time. It was suggested that the rules be amended to allow the Director of the Department of Commerce and Consumer Affairs to have the discretion to approve other methods of the meeting the requirement. It was also suggested that each school put a certain amount into a fund to be handled in a way similar to the recovery fund.

The matter was referred to the Laws and Rules Review Committee for further study.

Ms. Vitousek also informed the Commission that at their last meeting, the Association of Real Estate Schools had voted against releasing to the public the passing rates of the licensing candidates since they felt that the scores were not accurate because they failed to take into consideration the ratio of students passing the examination to the total number of students attending each individual school.

This matter was referred back to the Education Committee for further research.

Ms. Vitousek also introduced the new officers of the Association of Real Estate Schools for 1987. Arden Moore is the President and Russell Goode is the Vice-President.

DECISION ON AGENCY RULES

Commissioner Kano reported that there were 16 people who attended the informational meeting on Kauai. She added that there were no comments against the proposed rules and stated that most of those who attended were interested in knowing who would be supplying them with the forms.

Commissioner Takeya reported that there were 12 brokers who attended the informational meeting in Kona and 15 who attended the meeting in Hilo. He expressed that most of those attending were concerned with the effective date of the proposed rules. He suggested that they attend the seminars that will be presented by John Reilly.

Only one testimony was submitted for the public hearing. The testimony, from the Regulated Industries Complaints Office, suggested that buyer's agent and subagent be defined and added to the proposed rules.

John Reilly to add the definition of subagent and stated that he will present a one-page flow chart and suggestive language for this matter.

It was moved by Commissioner Takeya, seconded by Commissioner Damron, and unanimously carried to approve the proposed rules with the minor non-substantive additions. The rules will become effective on July 1, 1987.

Barbara Dew informed the Commission of the all day workshop John Reilly conducted on the proposed agency rules. Consultant Reilly stated that he will be preparing a flow chart to explain to licensees what is required.

The Commissioners also discussed alternative methods of presenting the agency disclosure requirements to the licensees.



upon successfully passing the respective examination. Commissioner Takeya seconded the motion. The motion was voted on and unanimously carried.

Gerrell, Robert H.                      Salesman

After a review of the information submitted by the applicant, Commissioner Kano moved that restoration of licensing be approved upon successfully passing the salesman's examination. Commissioner Blanco seconded the motion. The motion was voted on and unanimously carried.

QUESTIONABLE APPLICATIONS

Mikiko A. Malasek dba Nemo Realty

After review of the information submitted, Commissioner Smales moved to approve the tradename application of Mikiko A. Malasek dba Nemo Realty. Commissioner Takeya seconded the motion. The motion was voted on and unanimously carried.

Michele Fukuda Umeno

Commissioners Takeya and Matsuo were excused due to a conflict of interest.

After review of the information submitted by the applicant, Commissioner Smales moved that restoration of license be approved subject to the payment of the fine and 10 per cent interest. Commissioner Kano seconded the motion. The motion was voted on and carried.

Commissioners Takeya and Matsuo returned to the meeting.

C & D Properties, Inc.

After review of the information submitted, Commissioner Smales moved to deny the application for registration of the tradename. Commissioner Takeya seconded the motion. The motion was voted and unanimously carried.

Bello-McCormack Realty

After review of the information submitted, Commissioner Smales moved to approve the application for registration of the tradename. Commissioner Takeya seconded the motion. The motion was voted on and unanimously carried.

Central Planning Corporation

Commissioner Yanagawa was excused due to a conflict of interest.

After review of the information submitted, Commissioner Takeya moved to waive the zoning form requirement because the office is in a building zoned for professional business. Although the county does not recognize real estate businesses as a professional business. Commissioner Damron seconded the motion. The motion was voted on and carried.

Commissioner Yanagawa returned to the meeting.

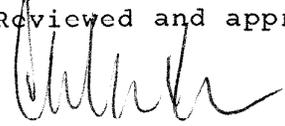
Adjournment:

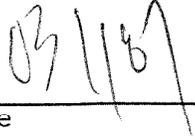
With no further business to discuss, Chairman Morris adjourned the meeting at 12:30 p.m.

Respectfully submitted,

  
Irene S. Kotaka, Secretary

Reviewed and approved:

  
Calvin Kimura, Executive Secretary

  
Date